New Millennium Iron Corp.

(Formerly New Millennium Capital Corp.)

SECOND QUARTER REPORT

2011

MESSAGE TO SHAREHOLDERS

New Millennium Iron Corp. ("NML" or the "Company") is pleased to report its unaudited financial and operational results for the three month period ended June 30, 2011.

The significant second quarter events were:

Taconite Project:

- Start of bulk sample collection for pilot plant testing in the Taconite Project feasibility study.

Direct Shipping Ore ("DSO") Project:

- Signing of an Impact and Benefit Agreement with the Nation Innu Matimekush-Lac John.
- Awarding of engineering, procurement and construction management contract ("EPCM").
- Start of mobilization to commence construction during June 2011.

Exploration:

- The identification of two target areas for this year's drilling and resource evaluation program. These 100% NML owned taconite anomalies are located in the Millennium Iron Range. NML's objective is to carry out sufficient drilling in 2011 to produce NI 43-101 compliant resources by Q1, 2012.

General Corporate Information:

- Senior management changes:
  - The announcement of Robert A. Martin's retirement, and of Dean Journeaux being appointed President and Chief Executive officer, effective July 1st, 2011.
  - The appointment of Ernest Dempsey as Vice-President Investor Relations and Corporate Affairs.
- Name change to New Millennium Iron Corp. from New Millennium Capital Corp. and new brand identity.

The significant subsequent events were:

Taconite Project:

- Bulk sampling program for pilot scale testing of the Taconite Project.

DSO Project:

- Approval by the Government of Newfoundland and Labrador ("GNL") of the surface lease application by Tata Steel Minerals Canada Ltd. ("TSMC").
- Issuance of permits for the site preparation and construction of the camp.
- Start of 2011 drilling program at the DSO properties to convert historical resources for NI 43-101 compliance and hydrogeological survey.

Exploration:

- Start of drilling at NML's 100% owned Lac Ritchie Property, and progress update.
- Plans to drill new exploration target located between the KéMag and LabMag deposits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended June 30, 2011 should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes contained in this report, the unaudited interim consolidated financial statements and MD&A for the period ended March 31, 2011 and the audited consolidated financial statements and MD&A for the year ended December 31, 2010 and 2009.

These interim consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All dollar figures are in Canadian dollars ("C$"), unless otherwise stated.

FORWARD LOOKING STATEMENTS

This MD&A includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in this MD&A and include statements regarding our intent, or the beliefs or current expectations of NML's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. The Company has based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause NML's actual results to differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, the reader is cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Material risk factors which could cause actual results to differ materially include those disclosed in NML's Annual Information Form dated April

25, 2011 which is filed on SEDAR at www.sedar.com. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

OVERALL PERFORMANCE

Overview of Business

The Corporation controls the emerging Millennium Iron Range ("MIR"), located in the Province of Newfoundland and Labrador and in the Province of Quebec, which holds one of the world's largest undeveloped magnetic iron ore deposits. In the same area, TSMC is also advancing the DSO Project to near term production.

Tata Steel, one of the world's leading steel producers, owns approximately 27% of NML and is the Company's largest shareholder and a strategic partner.

Tata Steel has exercised its exclusive option to participate in the DSO Project and has a commitment to take the resulting production at world prices. Tata Steel has also exercised its exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Project and the KéMag Project as discussed below.

The MIR currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred resources at an average grade of 29.3% Fe; KéMag contains 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred resources at an average grade of 31.2% Fe.

NML's DSO project contains 64.1 million tonnes of Proven and Probable reserves at an average grade of 58.8% Fe, 8.1 million tonnes of Measured and Indicated resources at an average grade of 58.8% Fe, 7.2 million tonnes of Inferred resources at an average grade of 56.8% Fe and about 40.0 - 45.0 million tonnes of historical resources that are not currently in compliance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources and the historical estimate should not be relied upon.

The Corporation's mission is to add shareholder value through the responsible and expeditious development of the MIR and other mineral projects to create a new large source of raw materials for the world's iron and steel industries. For further information, please visit www.nmlresources.com, www.tatasteel.com and www.tatasteeleurope.com.

RESULTS OF OPERATIONS

TACONITE PROJECT

Start of bulk sample collection for pilot plant testing in the taconite project feasibility study

On May 24, 2011, NML announced that George Downing Estate Drilling Ltd. of Grenville-sur-la-Rouge, Quebec had commenced drilling selected portions of the KéMag deposit to collect representative bulk samples for pilot plant testing that would be jointly undertaken by NML and Tata Steel. The contract is for approximately 5,500 meters of PQ size core (3.345˝/85 mm) at the KéMag deposit. About 85 tonnes of material will be collected to validate the process flowsheet and to produce sufficient quantities of concentrates to be used for the design of the pelletizing equipment and by other vendors to size their respective equipment.

The Contractor mobilized two machines to drill the PQ size holes and the work was expected to be completed by the end of July. The program has been designed to collect representative samples of all seven stratigraphic layers by drilling at selected locations. Full cores will be crushed, screened and blended to prepare samples for the pilot plant test and equipment sizing by vendors. 15-20 tonnes of concentrates are planned to be produced and will be used to size and design the pelletizing furnace and to provide products for evaluation to potential off-takers.

DSO PROJECT

Signing of an Impact and Benefit Agreement with the Nation Innu Matimekush-Lac John

On June 8, 2011, an Impact and Benefit Agreement ("IBA") between TSMC and Nation Innu Matimekush-Lac John ("NIMLJ") was signed in Schefferville by Rajesh Sharma, Managing Director and CEO of TSMC, and by NIMLJ Chief Real McKenzie. NML's Chief Operating Officer, Dean Journeaux, was also present.

The "life of mine" agreement promotes and governs a mutually beneficial development of the DSO project located in western Labrador and north eastern Quebec, near Schefferville, Quebec.

The IBA establishes the processes and sharing of benefits that will ensure an ongoing positive relationship with all affected First Nations. In return for their consent and support of the DSO project, the First Nations will benefit through training, employment, business opportunities and financial participation in the project. The IBA also commits TSMC to implement the project in a manner that safeguards the environment and provides the NIMLJ with social and cultural protection.

The agreement with NIMLJ is the second one of four such IBAs that are in the process of being concluded. Negotiations with two other affected First Nations, namely Innu Takuaikan Uashat mak Mani Utenam of Quebec and the Innu Nation from Labrador, are currently in progress. An IBA with the Naskapi Nation was announced on June 10, 2010.

Awarding of EPCM contract

An EPCM contract was awarded by TSMC in April, 2011 to AECOM Technology Corporation, Montreal, Quebec. Detailed engineering and procurement of long delivery equipment is in progress.

Start of mobilization to commence construction during this summer

On June 8, 2011, NML also announced the start of mobilization to commence construction during this summer. A 192 person modular camp for the Timmins Plant and Mine site has been procured. The first shipment of modules had arrived in Sept-Iles. Start of construction of the camp was planned for June, and represented an important milestone towards achieving our objective to bring the mine into production by the second half of 2012.

EXPLORATION

On April 27, 2011 NML announced that it would proceed with the exploration of two 100% owned taconite anomalies located in the MIR. These anomalies were identified by the airborne magnetic survey undertaken in 2010. NML's objective is to carry out sufficient drilling in 2011 to produce NI 43-101 compliant resources by Q1, 2012.

The MIR is a 210 km long magnetic taconite belt controlled by NML. The airborne magnetic survey also covered the proven taconite deposits of LabMag (NL) and KéMag (QC). Based on the airborne magnetic survey, several strong magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits are outlined in the north and south sections of these deposits.

The following target areas have been selected for this year's drilling and resource evaluation program:

Lac Ritchie, QC: This iron formation is flat lying (dipping 10 to 15^{o} towards the northeast (NE) and is very similar to the KéMag deposit in its geological setting. The aeromagnetic anomaly is comparable to the KéMag deposit. The KéMag deposit and its associated magnetic anomaly extend over an area of 13.5 km^2 and contain 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred resources at an average grade of 31.2% Fe. The Lac Ritchie area is about 11.5 km long and 2.3 km wide with an area of 26.45 km^2, almost twice the size of KéMag.

Perault Lake, NL: This iron formation also has a strong magnetic intensity and occurs south of the LabMag deposit. It is exposed on the surface and dips between 5 to10^{o} towards the NE. The magnetic intensity of the anomaly is found to be equal to or stronger than that of the LabMag deposit. The LabMag deposit covers an area 17.9 km^2 and contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred resources at an average grade of 29.3% Fe. The Perault Lake formation is 14.0 km long and 1.0 to 1.5 km wide with an area of about 17.5 km^2.

GENERAL CORPORATE INFORMATION

Senior management changes

On April 20, 2011, NML announced that Robert A. Martin had informed the Board of Directors that he would be stepping down from his role as President, Chief Executive Officer and Director of the Corporation, effective July 1st, 2011. Mr. Martin was one of the founding directors of NML. The company also announced that Dean Journeaux, currently a Director and Chief Operating Officer, would become President and Chief Executive Officer of the Company, effective on the same date. Mr. Martin will remain associated with the Company as Chairman of the Strategic Advisory Committee to the Board of Directors, also effective July 1st, 2011, which reports to the Board in respect of long term strategies for the growth and development of NML's business.

On April 25, 2011, NML announced that it had appointed Ernest Dempsey as Vice-President, Investor Relations and Corporate Affairs. Mr. Dempsey brings more than 35 years of international experience in all commercial aspects of the iron ore industry. He has significant experience in supplying direct shipping ore, concentrates and pellets to a wide range of steelmakers, including the operations now comprising Tata Steel Europe. He is based at NML's corporate office in Montréal, Canada.

Name change and new brand identity

On June 14, 2011, NML announced that it had adopted a new brand identity and changed its name to New Millennium Iron Corp. The stock symbol remains “NML”. The name change was approved by the shareholders of the Corporation at the annual general and special meeting held on June 8, 2011.

Effective June 15, 2011, the common shares of the Corporation began trading on the TSX Venture exchange under the name New Millennium Iron Corp.

The Company also adopted a new logo.

SUBSEQUENT EVENTS

TACONITE PROJECTS

Bulk sampling program for pilot scale testing of the Taconite Project

On July 19, 2011, NML announced that the collection of the KéMag bulk sample was progressing well, and on August 11, 2011, that it was nearing completion.

Approximately 70 tonnes out of 75 tonnes were collected and being sent to MRC Laboratory, Nashwauk, Minnesota, USA for processing. The laboratory had received approximately 65 tonnes of the samples. Sample preparation and analytical work were well under way.

DSO PROJECT

Approval of the surface lease application by TSMC

On July 13, 2011, NML announced that the surface lease application by TSMC, the company that operates the NML and Tata Steel joint venture for the DSO project, had been approved by GNL.

Issuance of permits for the site preparation and construction of the camp

Permits for the site preparation and construction of the camp have also been issued by GNL. Camp modules are being progressively shipped to the site. Erection of the camp is expected to begin before the end of July, 2011.

The surface lease application covers the Timmins area, where the camp, processing plant, offices, warehouse, maintenance shops and related infrastructure are to be installed.

Start of 2011 drilling program at the DSO properties to convert historical resources for NI 43-101 compliance and hydrogeological survey

On August 8, 2011, NML announced that TSMC would start hydrogeological as well as exploration drilling at several DSO deposits. TSMC engaged the services of Forages Lbm Inc of Victoriaville, Québec, to undertake about 4,000 meters of reverse circulation drilling.

TSMC owns 25 DSO deposits located near Schefferville, Québec. The deposits are located in two places: Areas 2 & 3 and 4. Exploration drilling would be carried out in three deposits namely, Kivivic 1C, Kivivic 2 and Leroy 1, all located in Area 4. It is estimated that these three deposits contain around 25 million tonnes of historical resources. Based on the drilling results, the resource estimate would be upgraded to conform to the requirements of NI43-101.

Hydrogeological drilling would be carried out to establish ground water profiles and patterns for deposits located in both areas. The information is required to satisfy certain pre-conditions that were part of the approval of the Environmental Impact Statement ("EIS") for Area 3 by GNL. The collected information would also be used to support the on-going EIS review for Area 4 by the Government of Québec as well as further hydrogeological information required for the operation of the mines.

The hydrogeological drilling is another step toward production in that area. The data will provide valuable information to plan mining and tailings disposal operations. As to the drilling results of Kivivic 1C, Kivivic 2 and Leroy deposits, based on previous experience, they are expected to provide additional tonnages of NI 43-101 compliant resources, which would increase the life of the project beyond the 12 year period assumed in the feasibility study.

EXPLORATION

Start of Drilling at NML's 100% owned Lac Ritchie Property

On July 19, 2011, NML announced that it had extended the current contract with George Downing Estate Drilling Ltd of Grenville-sur-la-Rouge to add a third drill and include drilling of the taconite exploration targets at Lac Ritchie and Perault Lake. NML estimated undertaking about 5,000 meters of drilling in those two targets.

Based on the results of the Airborne Magnetic survey undertaken in 2010, NML selected two of the several promising targets for further exploration. Following the evaluation of drill results, NML intends to undertake a scoping study with the objective of providing an estimate of NI43-101 compliant resources.

The drilling would be conducted in two phases. The first phase of drilling would be along the strike of the iron formation with widely spaced holes to obtain the stratigraphic, mineralogical and grade information. The second phase of the program would be in-fill drilling. The drilling would be between sections drilled during the first phase and would cover the width of the taconite formation. An estimated total of 2,500 m would be drilled to evaluate the anomaly area with the objective of providing an estimate of NI 43-101 compliant resources.

On August 10, 2011 NML provided an update on the Lac Ritchie drilling. Two diamond drills were being moved to Lac Ritchie to start the first phase of drilling to check the airborne magnetic anomaly. A third drill would be added to the fleet when the drilling for Bulk Sampling was completed at the KéMag deposit.

Plans to drill new exploration target located between the KéMag and LabMag deposits

On August 11, 2011, NML announced that, based on its ongoing evaluation of historical drill results incorporating recent airborne magnetic survey data, it had identified another high priority target.

The target coincides with drill hole HR179D drilled on the strike extension of the taconite formation connecting the LabMag and KéMag deposits. This zone extends for approximately 18 km from the north end of the LabMag Deposit to the south end of the KéMag Deposit. The taconite band in this area coincides with NL-1 and NL-2 airborne magnetic anomalies outlined based on the Airborne Magnetic survey conducted in 2010.

Hole HR1279D was drilled in 2006 as an exploratory hole to check the taconite extension north west of LabMag deposit. The hole was drilled to a depth of 105 m intersecting all economic stratigraphic units. Although the results of the testing and analysis were encouraging no additional drilling was carried out as NML decided to concentrate its efforts on KéMag and LabMag. However, the Airborne Magnetic survey conducted in 2010 indicated the presence of groups of magnetic anomalies over the taconite extension between LabMag and KéMag deposits.

Recent analysis by the Corporation has made a strong connection between the drill hole and certain anomalies that support further exploration. NML will conduct an initial drilling program this fall, comprising at least five or six holes, to outline the extent of a potential deposit.

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the unaudited Interim Consolidated Financial Statements as of June 30, 2011 ("financial statements") set forth herein. As discussed in Note 2 to the financial statements, they are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the IASB. IFRS 1, First Time Adoption of IFRS, has been applied as they are part of the period covered by the Company's first IFRS consolidated financial statements as at and for the financial year ending December 31, 2011.

Certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") have been included in the March 31, 2011 financial statements for the comparative annual period. The significant accounting policies applied in the preparation of these financial statements are set out in Note 2 of the March 31st financial statements and have been consistently applied to all periods presented except in instances where IFRS 1 requires or permits an exemption.

These financial statements should be read in conjunction with the Company's 2010 annual financial statements and the Company's March 31, 2011 interim financial statements with consideration given to the IFRS transition disclosures included in Note 22 of the March 31, 2011 financial statements and Note 15 of the June 30, 2011 financial statements and the additional disclosure included therein.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The unaudited Interim Consolidated Balance Sheet as of June 30, 2011 indicates cash and cash equivalents of $17,322,252, short-term investments of $67,352,487, sales taxes, other receivables and prepaid expenses of $2,946,799, the current portion of tax credits and mining duties receivable of $1,829,315 and mineral exploration and evaluation assets (DSO Properties) held for sale of $22,175,879 resulting in total current assets of $111,626,732, an increase of $69,618,850 from December 31, 2010. The long-term assets are comprised of long-term portion of tax credits and mining duties receivable of $1,472,753, long-term investments in bonds of $7,887,760, mineral exploration and evaluation assets of $32,246,643, property and equipment of $296,718 and advances on contracts of $92,616. The total assets are $153,623,222 which is an increase of $80,650,406 from December 31, 2010.

The Company's only liabilities at June 30, 2011 are its trade and other payables of $6,304,689, which are classified as current liabilities, an increase of $1,123,452 from December 31, 2010. Equity attributable to shareholders of the Company is $146,843,533, an increase by $79,526,954 from December 31, 2010, and is comprised of share capital of $170,108,084, contributed surplus of $10,228,169 less the deficit of $33,492,720. The non-controlling interest of $475,000 remains unchanged from December 31, 2010, for a total equity of $147,318,533.

Working capital at June 30, 2011 of $105,322,043 is an increase of $68,495,398 from the December 31, 2010 total of $36,826,645.

The increase in working capital and equity is mainly due to the February 28, 2011, bought deal public offering (and associated exercise of Tata Steel's pre-emptive right to maintain its proportional interest) which provided the Company net proceeds of approximately $82,000,000, minimally offset by the losses from operations and investment in the continuing exploration and evaluation of mineral assets. These funds have been invested by the Company in cash and cash equivalents, short-term investments and long-term investments in provincial and Government of Canada treasury bills and bonds. NML used its cash and cash equivalents from December 31, 2010 to pay its trade and other payables, fund its operations and the continuing exploration and evaluation of its mineral assets. The Company will use its cash and cash equivalents and short term investments in order to fund its portion of the Taconite Feasibility Study, initiate the new drilling projects in the two 100% owned taconite anomalies located in the Millennium Iron Range, and pay future corporate operating expenses. During the second quarter, there was $1,968,543 of capitalized mineral exploration and evaluation asset expenditures, net of Québec tax credits and mining duties. As at June 30, 2011, the deferred income tax assets, which arose as a result of applying the capital and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to uncertainty regarding their utilization.

For the three months ended June 30, 2011, the Company realized a net loss of $2,808,553, or $0.02 per share, compared to a net loss of $877,651 or $0.01 per share for the corresponding period in 2010. This loss represents operating expenses of $3,058,397, (2010 - $875,897) net of investment income of $249,844 (2010 - $4,736) and a loss on sale of long-term investments of Nil (2010 - $6,490). The increase in operating expenses is mainly due to the $1,844,716 (2010 – $52,868) incurred in stock based compensation.

The Company expects to continue incurring operating losses until it is operating a revenue-producing mine. These losses are expected to be funded by equity financing or investments by strategic partners.

All costs associated with mineral properties, totaling $54,422,522 as outlined in Note 6 to the June 30, 2011 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: DSO Properties $22,175,879, LabMag Property $20,830,193, KéMag Property $10,095,758 and Other Properties $1,320,692. The cost centers for these capitalized expenditures are: mineral licenses $3,421,646 resource evaluation $22,634,010, drilling $21,528,210, environmental $14,061,824, and amortization of property and equipment $39,895. These expenditures are partially offset by tax credits and mining duties of $7,263,063. The non-controlling interest of $475,000 relates to the LabMag Property. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and evaluation work, the work programs and exploration results achieved by the Company. At June 30, 2011, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

ASSET HELD FOR SALE

The Company classifies the DSO Properties as an asset held for sale, as on September 13, 2010, Tata Steel exercised its option to acquire an 80% equity interest in the DSO Properties and will be paying the Company 80% of the Company's costs incurred to the closing date to advance the DSO Properties. All the DSO Properties are contemplated to be transferred to a new company owned 80% by Tata Steel and 20% by NML. Tata Steel will arrange funding of the capital costs of the DSO Project up to $300 million and will commit to purchase, at world prices, 100% of the DSO iron ore production meeting certain quality specifications for the life of the mining operation.

The new company, TSMC, was incorporated on October 26, 2010, and Tata Steel and NML are in the process of completing the steps necessary to finalize the transfer of the DSO Properties, which is expected to be completed before August 31, 2011.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended June 30, 2011. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS (Canadian GAAP for periods prior to January 1, 2010) and expressed in Canadian dollars.

	June-11 (2)	Mar-11 (2)	Dec-10 (2)	Sept-10 (2)	Jun-10 (2)	Mar-10 (2)	Dec-09 (3)	Sept-09 (3)
Investment Income	249,844	85,030	52,228	18,893	4,736	4,233	28,049	12,500
Net Income (Loss)	(2,808,553)	(2,077,949)	(1,544,460)	(7,085,214)	(877,651)	(498,199)	181,780	(572,040)
Income (Loss) Per Share (1)	(0.02)	(0.02)	(0.01)	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.

(2) IFRS Basis

(3) Canadian GAAP basis

SECOND QUARTER RESULTS

For the three-month period ended June 30, 2011, general and administrative expenses were $3,058,397, compared to $875,897 for the corresponding period in 2010. The most significant items affecting the second quarter's net loss is the stock based compensation of $1,844,716 compared to $52,868 for the three months in 2010. The increase in stock based compensation is due to the impact of the grant of options to directors, employees and consultants on April 1, 2011 and to the timing of the accounting of the grant of options to directors, employees and consultants that occurred on June 29, 2010, both of which impacted the second quarter of 2011, but for which there was only a minimal impact on the comparative 2010 period. Additional items affecting the first quarter's net loss were the investment income of $249,844 compared to $4,736 for the three months in 2010. The increase in investment income is due to an increase in investments held when compared to the comparative period in 2010. As a result, the Company's net loss for the first quarter ended June 30, 2011 totalled $2,808,553 ($0.02 per share) compared to a net loss of $877,651 ($0.01 per share) for the comparative period in 2010.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's date of transition to IFRS is January 1, 2010.

The Company's IFRS accounting policies presented in Note 2 of the March 31, 2011 unaudited interim consolidated financial statements have been applied in preparing the financial statements for the reporting period ended June 30, 2011 and have been used throughout all periods presented. The Company has applied IFRS 1, First-time Adoption of IFRS, in preparing these financial statements.

The Company has provided a detailed explanation of the impact of this transition in Note 22 of the Company's March 31, 2011 financial statements and Note 15 of the June 30, 2011 financial statements. Note 15 of the June 30, 2011 financial statements includes reconciliation of the Company's consolidated statement of shareholder's equity from Canadian GAAP to IFRS as at June 30, 2010 and its comprehensive loss for the three months and six months ended June 30, 2010. An explanation of the impact of adopting IFRS identified in the reconciliations is also provided.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The information is provided in Note 3 of the June 30, 2011, financial statements.

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim consolidated financial statements in accordance with IFRS requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis.

Please refer to Note 3 of the March 31, 2011, financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

FINANCIAL INSTRUMENTS

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 16 of the March 31, 2011, financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 10 of the June 30, 2011, financial statements for an extended description of the Company's main financial risks and policies.

CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares or flow-through shares. No changes were made in the objectives, policies and processes for managing capital during the reporting periods. The Company is not subject to any externally imposed capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at June 30, 2011 increased from December 31, 2010 by $68,495,398 to $105,322,043 due to the cash and cash equivalents and short-term investments purchased during the period using the $82,000,000 of net proceeds from the February 28, 2011 bought deal public offering (and associated exercise of Tata Steel's pre-emptive right to maintain its proportional interest). The working capital consists of cash and cash equivalents, short-term investments, sales taxes, other receivables and prepaid expenses, the current portion of tax credits and mining duties receivable and assets held for sale net of trade and other payables.

Capital Expenditures

There was $149,937 in capital expenditures during the first six months of 2011 compared to $176,867 in the corresponding period in 2010.

Capital Resources

At June 30, 2011, NML has paid up capital of $170,108,084 (December 31, 2010 - $88,435,402) representing 174,422,964 (December 31, 2010 – 148,752,273) common shares, capital stock to be issued of $Nil (December 31, 2010 - $203,813) and contributed surplus of $10,228,169 (December 31, 2010 - $6,590,582) that is partially offset by a deficit of $33,492,720 (December 31, 2010 - $27,913,218) resulting in total equity attributable to shareholders of the Company of $146,843,533 (December 31, 2010 - $67,316,579). In addition there is a non-controlling interest of $475,000 (December 31, 2010 – $475,000) resulting in total equity of $147,318,533 (December 31, 2010 - $67,791,579).

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 12 of the June 30, 2011, financial statements for a summary of the Company's transactions with related parties and the related period end balances.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenditures for mineral exploration and evaluation assets are provided in Note 6 of the June 30, 2011 Interim Consolidated Financial Statements that is available on NML's website at **http://www.nmlresources.com/library/financial_statements.asp** or on its SEDAR Page Site accessed through **www.sedar.com**

Included in the Company's Interim Consolidated Financial Statements were general and administration expenses of $3,058,397 (2010 – $875,897) for the three months ended June 30, 2011, comprised as follows: employee salaries and benefits $497,149 (2010 - $227,705), stock based compensation $1,844,716 (2010 – $52,868), professional fees $301,618 (2010 - $225,859), office and administration $378,301 (2010 – $265,659), office rent $48,700 (2010 - $48,450), market development $247,261 (2010 - $46,104), foreign exchange loss $212 (2010 - $3,462) and depreciation of property and equipment $20,076 (2010 - $5,790) which are reduced by expense recovery from TSMC of $279,636 (2010 – Nil).

MARKET OUTLOOK

The World Steel Association released its April 2011 short range forecast ("SRO"); projecting a 5.9% increase in global steel demand in 2011 and further growth of 6.0% in 2012 to a record level of 1,441 million metric tons. Emerging and developing economies account for an increasing proportion of steel use. The SRO expects Chinese steel demand to grow by 5.0% in each of

2011 and 2012, and India to show robust growth of 13.3% and 14.3% in those years, respectively. NAFTA and EU steel producers are expected to register positive growth as they continue to recover from effects of the 2008/09 global financial crisis.

Despite concerns about the potentially negative economic impact of tightening credit conditions and power shortfalls in China, crude steel production there was strong at this year's mid-point and forecasters expect robust Chinese steel output through the second half of 2011 driven by a significant social housing program and development of the central and western provinces.

Iron ore prices as measured by The Steel Index's 62% Fe reference averaged US$171.00 per dry metric ton in June, down by 4.0% from the May level, but showed signs of recovery at month's end as China's steel outlook firmed and buying activity increased after a period of de-stocking.

BUSINESS RISKS

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company's properties are located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company is actively engaged in including First Nations participation in the project and expects to enter into agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile market conditions for resource commodities in the recent past, including iron ore, after several years of improving prices has resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. An extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations.

Inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years; however renewed exploration and development activity has resulted in a shortage of experienced technical staff, and heavy demand for goods and services needed by the mining community.

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The market price of iron ore and other commodities is relatively volatile. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX Venture Exchange may be affected by such volatility.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Additional risk factors are contained in the 2010 Annual Information Form dated April 25, 2011, of the Company filed on SEDAR at www.sedar.com.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at June 30, 2011.

1. Share capital

(a) Authorized:

Unlimited number of common voting shares.
Unlimited number of preferred shares, without nominal or par value, issuable in series.

(b) Issued as of June 30, 2011: The Corporation has 174,422,964 common shares issued ($170,108,084).

(c) Issued as of August 22, 2011: The Corporation has 175,741,464 common shares issued ($171,686,487)

2. Options

The Corporation has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Corporation with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares.

As of August 22, 2011, there were 13,194,500 common shares reserved for issuance pursuant to the exercise of stock options (June 30, 2011 – 14,393,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
486,500	$0.75	September 13, 2011
375,000	$0.50	February 1, 2012
795,000	$0.75	August 2, 2012

Number of Outstanding Options	Exercise Price	Expiry Date
250,000	$0.65	November 13, 2012
1,290,000	$0.83	January 30, 2013
250,000	$1.44	March 25, 2013
100,000	$1.65	April 30, 2013
70,000	$1.75	June 1, 2013
1,957,500	$0.37	January 20, 2014
33,000	$0.65	October 8, 2014
24,500	$0.59	December 4, 2014
33,000	$0.88	February 2, 2015
3,790,000	$0.90	June 30, 2015
36,000	$0.87	August 31, 2015
42,000	$3.52	February 8, 2016
3,315,000	$3.36	April 1, 2016
175,000	$3.16	April 29, 2016
52,000	$2.48	May 16, 2016
48,000	$2.48	July 18, 2016
72,000	$2.65	July 27, 2016

3. Warrants

At August 22, 2011, there were 1,084,285 common shares reserved for issuance pursuant to the exercise of outstanding warrants (June 30, 2011 – 1,084,285) at a price of $3.50 per warrant and with an expiry date of August 28, 2012.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com
Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Second Quarter Report.